

## Message Text

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15

ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 L-03 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /092 W

----- 087595

R 070003Z FEB 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 0875

INFO AMCONSUL HONG KONG

UNCLAS TAIPEI 0773

PASS EXIM HONG KONG FOR RAND

E.O. 11652: N/A

TAGS: EFIN, TW

SUBJECT: NEW CFF FOR BANK OF COMMUNICATIONS(BOC)

REF: TAIPEI 0667

### 1. SUMMARY

BANK OF COMMUNICATIONS (BOC) EXPERIENCED RAPID GROWTH IN 1973. WHILE CAPITAL ADMITTEDLY LOW, SUBSTANTIAL OTHER RESOURCES ARE EQUIVALENT TO CAPITAL. BANK IS IN EFFECT FINANCIAL ARM OF GOVERNMENT USED TO PROMOTE DEVELOPMENT. EMBASSY BELIEVES NEW CFF LINE TO BOC SHOULD BE EXTENDED AS CONCOMITANT OF TRADE PROMOTION EFFORTS. END SUMMARY.

2. REGARDING NEW CFF LINE FOR BOC, EMBASSY SENDING BY LETTER ONE COPY EACH OF FINANCIAL STATEMENTS OF BOC FOR CY 1972 (AUDITED) AND CY 1973 (UNAUDITED) TO WARREN GLICK, ACTING EXECUTIVE VICE PRESIDENT OF EXIM BANK. WHILE BOC FISCAL YEAR RUNS JULY 1 TO JUNE 30, STATEMENTS ARE PREPARED ON CY BASIS FOR CONVENIENCE OF FOREIGN BANKS AND GOVERNMENTS.

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3. GENERAL MANAGER PAN MADE FOLLOWING COMMENTS TO

EMBOFF ON STATEMENTS:

- A) IN 1973 BOC ASSETS INCREASED BY 40 PERCENT OVER 1972 TO US\$643 MILLION.
- B) IN SAME PERIOD BOC LOANS INCREASED 70.8 PERCENT.
- C) ALTHOUGH BOC CAPITAL IS ADMITTEDLY LOW AT US\$4,736,000, OTHER ITEMS INCLUDING LONG TERM BORROWINGS, AND LOAN FUNDS PROVIDED BY GOVERNMENT AGENCIES WORTH TOTAL OF US\$321,578,173 ARE EQUIVALENT TO CAPITAL RESOURCES. MOST OF THESE RESOURCES COULD BE CAPITALIZED BUT FOR BUREAUCRATIC PROBLEMS WHICH ARE NOW BEING REVIEWED.
- D) PROFIT OF BOC IS LOW AS COMPARED WITH ORDINARY COMMERCIAL BANKS.

4. BOC SERVES AS CHANNEL FOR GRC FUNDS TO GOVERNMENT-APPROVED PROJECTS. THUS SUBSTANTIAL AMOUNTS OF MONEY FLOW THROUGH BANK WHICH PROVIDES USUAL FINANCIAL SERVICES FOR AND CHECKS ON IMPLEMENTING AGENCIES. BOC THUS NOT PROFIT MAXIMIZING INSTITUTION IN ALL CASES, BUT IN FACT IS A FINANCIAL ARM OF GOVERNMENT. UNDER POLICY SUPERVISION OF APPROPRIATE INTERAGENCY COMMITTEE, BOC NOW ADMINISTERS FUNDS SUCH AS SINO-AMERICAN FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT, INDUSTRIAL DEVELOPMENT FUND AND TOURISM DEVELOPMENT FUND FORMERLY HANDLED BY CIECD.

5. PAN ALSO POINTED OUT BOC WAS FIRST BANK TO ACCEPT CFF FROM EXIM BANK AND HAS NOW EXHAUSTED ALL THREE CFF LINES TOTALING \$11 MILLION AND DESIRES FOURTH TRANCHE. THERE IS GREAT DEMAND FOR THESE FUNDS WHICH HAVE MADE TREMENDOUS CONTRIBUTION TO EXPORTS OF U.S. GOODS AND SERVICES TO ROC.

6. COMMENT: EMBASSY BELIEVES CFF'S TO ROC BANKS AN ESSENTIAL ELEMENT OF OUR EFFORTS TO INCREASE SALES U.S. GOODS AND SERVICES IN TAIWAN IN ORDER TO HELP CORRECT INORDINATE TRADE BALANCE IN THEIR FAVOR. CFF PROGRAM, WHICH HAS BEEN ONE OF MOST INNOVATIVE AND SUCCESSFUL NEW IDEAS DEVELOPED BY EXIM, IS HIGHLY MEANINGFUL CONCOMITANT OF U.S. TRADE PROMOTION EFFORTS AND CERTAINLY SHOULD NOT BE CUT BACK HERE JUST AS NEW TRADE CENTER OPENED. CFF  
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ESPECIALLY HELPFUL FOR MEDIUM AND SMALL PURCHASES, AN AREA WHICH SHOULD RECEIVE MORE ATTENTION, NOT LESS.  
MCCONAUGHY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CENTRAL BANK, TRADE PROMOTION, TRADE BALANCE, ASSETS, BANK LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 FEB 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Page Count:** 3  
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**Review Comment:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NEW CFF FOR BANK OF COMMUNICATIONS(BOC)  
**TAGS:** EFIN, TW, CFF, XMB  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005